

UNITED STATES DISTRICT COURT  
FOR THE DISTRICT OF PUERTO RICO

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In re:

PROMESA  
Title III

THE FINANCIAL OVERSIGHT AND  
MANAGEMENT BOARD FOR PUERTO RICO,

as representative of

No. 17 BK 3283-LTS

THE COMMONWEALTH OF PUERTO RICO,  
et al.,

(Jointly Administered)

Debtors.<sup>1</sup>

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NOTICE OF CORRESPONDENCE RECEIVED BY THE COURT

The Court has received and reviewed the attached correspondence from interested persons in the above-captioned cases:

1. May 23, 2017 Letter from Heraclio A. Amadeo Lopategui
2. May 25, 2017 Letter from Felipe A. Morales Nieves
3. May 28, 2017 Letter from Jerome E. Firsty
4. June 1, 2017 Letter from Lila Marantz
5. June 2, 2017 Letter from Carlos Sumpter
6. June 2, 2017 Evelyn E. Gonzalez Garcia
7. June 20, 2017 Letter from Eduardo A. Nin
8. June 30, 2017 Letter from Albert Ferrandi

Dated: July 10, 2017

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<sup>1</sup> The Debtors in these Title III Cases, along with each Debtor's respective Title III case number and the last four (4) digits of each Debtor's federal tax identification number, as applicable, are the (i) Commonwealth of Puerto Rico (Bankruptcy Case No. 17 BK 3283-LTS) (Last Four Digits of Federal Tax ID: 3481); (ii) Puerto Rico Sales Tax Financing Corporation ("COFINA") (Bankruptcy Case No. 17 BK 3284-LTS) (Last Four Digits of Federal Tax ID: 8474); (iii) Puerto Rico Highways and Transportation Authority ("HTA") (Bankruptcy Case No. 17 BK 3567-LTS) (Last Four Digits of Federal Tax ID: 3808); and (iv) Employees Retirement System of the Government of the Commonwealth of Puerto Rico ("ERS") (Bankruptcy Case No. 17 BK 3566-LTS) (Last Four Digits of Federal Tax ID: 9686). (Title III case numbers are listed as Bankruptcy Case numbers due to software limitations).

23 May, 2017

Judge Laura Taylor Swain  
US District Court Puerto Rico  
Federal Courthouse  
Carlos F. Chardón St.  
San Juan PR 00918

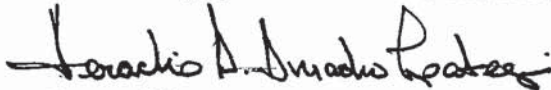
Honorable Judge Taylor Swain:

Because of the huge implications of past administrations in the Puertorican fiscal disaster that you have been appointed by Chief Justice Roberts of the United States Supreme Court to resolve I respectfully submit my letter of 24 Jan 2017 to the Honorable Senator Orrin Hatch, Chairman, Senate Committee on Finance to which I accompanied the much pertinent Hedgeclippings report entitled "Pirates of the Caribbean: How Santander's Revolving Door with Puerto Rico's Government Development Bank Exacerbated a Fiscal Catastrophe for the Puerto Rican People".

In the report you will find the huge conflicts of interest of a couple of the chosen members of the Junta de Control Fiscal which will rule this poor land for years to come.

I also include, Honorable Judge, a previous letter to again Senator Orrin G. Hatch, this one dated 8 Jul 2016, which to me at least contributed enormously to the crisis by virtue of allowances in rules and regulations of the Securities and Exchange Commission which would never have been permitted in the 50 states.

Acknowledging the incredible burden that you have been chosen to resolve, I remain



Respectfully,

Heraclio A. Amadeo Lopategui, P.E.

Retired Civil Engineer  
University of Puerto Rico, Mayaguez Campus  
Class of 1963

January 24, 2017

Honorable Senator Orrin Hatch

Chairman

Senate Committee on Finance

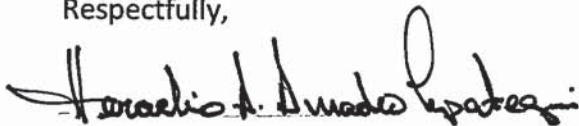
Dear Senator:

I am respectfully enclosing for your awareness and assessment the Hedgeclippings report entitled "Pirates of the Caribbean: How Santander's Revolving Door with Puerto Rico's Government Development Bank Exacerbated a Fiscal Catastrophe for the Puerto Rican People" dated 13 December 2016. To me a disgusting account of the wheeling and dealing of some very powerful people and institutions that had a lot to do with bringing this impoverished territory of the United States of America to its knees.

Hard to believe, Senator, that some of these very same individuals were appointed to be a part of the PROMESA Fiscal Control Board created by Congress to, for all practical purposes, rule this land for years to come.

May God help us!

Respectfully,

A handwritten signature in black ink, appearing to read "Heraclio A. Amadeo Lopategui". The signature is fluid and cursive, with a large initial "H" and "L".

Heraclio A. Amadeo Lopategui, P.E.



PIRATES OF THE CARIBBEAN: HOW SANTANDER'S REVOLVING DOOR WITH  
PUERTO RICO'S DEVELOPMENT BANK EXACERBATED A FISCAL CATASTROPHE  
FOR THE PUERTO RICAN PEOPLE

13 DEC 2016•CARLOS GARCIA, HEDGECLIPPINGS, HEDGE PAPERS, JOSE  
RAMON GONZALEZ, PUERTO RICO  
bancosantander\_2

EXECUTIVE SUMMARY

Former Santander executives José Ramon Gonzalez and Carlos M. Garcia served as heads of Puerto Rico's Government Development Bank (GDB) and Santander[1] in Puerto Rico. Garcia and Gonzalez were recently appointed to 2 of the seven seats of the PROMESA Fiscal Control Board. Together, these men built Santander Securities, the bank's municipal bond business, which established itself as a leading bond underwriter coinciding with the growth in Puerto Rican public debt. This business brought in substantial fee income for the bank.

Carlos M. Garcia was appointed to head the GDB in 2009 by Governor Luis Fortuño, who implemented an austerity plan when he took office in Puerto Rico, laying off tens of thousands of public employees, privatizing public assets, and attempting to provide economic stimulus through targeted tax cuts and public private partnerships.

1

Carlos M. Garcia established a team of current or former Santander executives to run the GDB between 2009 and 2012. To run the GDB, Garcia established a team of current or former Santander executives that maintained its grip on the GDB throughout the Fortuño administration. In 2011, Garcia left the GDB to return to Santander, while Santander executive Juan Carlos Batlle moved to replace Carlos Garcia as the head of the GDB. At the same time, Juan Carlos' brother Fernando Batlle left the GDB to become CEO of Santander Securities - creating a virtual revolving door of brothers.

As GDB President, Garcia moved swiftly to reassure the bond market and maintain Puerto Rico's credit ratings by relying on a new category of municipal debt, secured by regressive Puerto Rican sales and use taxes. These "safe" bonds, known by their Spanish language acronym, COFINA, are "extra-constitutional,"[2] and were issued mainly as refinancing bonds, which diverted Puerto Ricans' sales tax revenue to paying bondholders instead of funding public programs. Fortuño had a law passed in January 2009 that doubled the amount of sales tax revenue set aside for COFINA bonds, enabling Garcia's GDB to issue more debt underwritten by Santander and other banks. Public Law 7, passed March 2009, permitted the Treasury Secretary to refinance debt without considering whether it would actually save Puerto Rico



money.

jose-ramon-gonzalez-oriental

José Ramon Gonzalez established Santander Securities, the bank's municipal bond business, in Puerto Rico.

During the Fortuño years, as Puerto Rico fell deeper into debt and Santander and other banks elicited demand for Puerto Rico's triple tax-exempt bonds, the GDB became increasingly reliant on questionable financial engineering techniques. Santander helped the Commonwealth issue risky debt deals that relied on controversial features such as capital appreciation bonds, capitalized interest, and interest rate swaps. These generated more fee income for Santander's underwriting business.

In one case, Santander helped underwrite a bond issue in 2011 to raise money to pay a \$400 million interest rate swap termination, which could have been used to fund healthcare or infrastructure. In another example, Santander and other banks earned at least \$35.7 million in underwriting fees in three Employee Retirement System (ERS) debt deals worth \$2.9 billion that used employers' contributions as collateral, virtually unheard of for public pension funds. This debt added to the pension fund's liability and it is forecasted to run out of money in two years.

3

The PROMESA Fiscal Control Board, colloquially known as "the Junta."

We examined 90 debt deals that Santander participated in underwriting, from general obligation bonds to the extra-constitutional COFINA bonds, to the GDB's affiliates and subsidiaries. We found the total amount of the debt issued where Santander played an underwriting role to be \$61.2 billion dollars—almost as much as the figure currently used as an estimate of the Commonwealth's total outstanding debt load of more than \$70 billion. More than \$1 billion from these bond deals went to fees paid to Santander and other banks. We also examined Puerto Rican bond deals that Santander underwrote to see if they contained features such as CABs, capitalized interest, interest rate swaps, and whether the bonds were issued by special purpose entities.

As the U.S.'s largest unincorporated territory without legal authority to restructure its debt equal to other U.S. municipalities, Puerto Rico is facing both a fiscal catastrophe and an unprecedented humanitarian crisis. Wall Street saw the debt crisis as an opportunity, and yet bankers have been able to seize on it both as a business and policymaking opportunity. A key question all Puerto Ricans must ask – should banks like Santander be held accountable for their role in Puerto Rico's debt crisis?

FILE - In this June 29, 2015 file photo, U.S. and Puerto Rico flags hang outside the governor's mansion in Old San Juan, Puerto



Rico. Puerto Rico's power company said Wednesday, Sept. 2, 2015 it reached an agreement with a group of bondholders to restructure the troubled agency, providing some relief to investors who believed it soon would go bankrupt. The bondholders hold about 35 percent of the power company's bonds and represents hedge funds and municipal bond investors. (AP Photo/Ricardo Arduengo, File)

Puerto Rico's ambiguous political situation and inability to restructure its debt has left it vulnerable to interlopers from Wall Street and banks.

For its role in advising the government and facilitating the issuance of questionable debt that led to a fiscal catastrophe, we call on Santander to refund all the underwriting fees and discounts it received from the Puerto Rican government. Much of this debt relied on controversial financial engineering, and was underwritten when the bank had conflicted relationships with the government. Second, José Ramon Gonzalez and Carlos Garcia should resign from the PROMESA Fiscal Control Board. As architects of the debt crisis, they should not be put in positions of power to adjudicate its outcome. Third, the Puerto Rico Commission for the Comprehensive Audit of the Public Credit (the Audit Commission) should continue to be funded and empowered to complete its investigation of the debt and its legitimacy, so that the Puerto Rican people are provided with real answers.

clipper next

#### INTRODUCTION

Banks bear responsibility for exacerbating Puerto Rico's debt crisis. Current analysis rightfully sheds light on the role of entities like hedge funds, but banks' role in eliciting demand and understating risk[3] for the island's tax free municipal bonds has been sorely neglected. Santander, an important bank operating in Puerto Rico since 1976, played a crucial role in structuring and profiting off Puerto Rican debt through a revolving door with Puerto Rico's Government Development Bank ("GDB").[4] Two former Santander executives, José Ramon Gonzalez and Carlos M. Garcia, served as heads of the GDB and Santander Securities, which advised Puerto Rico on municipal debt and underwrote many of its troubled bond offerings. Garcia went directly from Santander to the GDB and back again.

5

José Ramon Gonzalez and Carlos M. Garcia, served as heads of Puerto Rico's GDB and Santander Securities, were recently appointed to the Junta.

In a striking irony, Garcia and Gonzalez, who helped devise and market the bonds that helped bring Puerto Rico to its knees, were recently appointed by U.S. politicians to 2 of the seven seats on the PROMESA Fiscal Control Board (colloquially known as "the Junta"). The Junta has broad powers to address the Puerto Rican debt crisis. It has authority to decide how to restructure



Puerto Rico's debt, which bondholders will be repaid and how much they will receive. In essence, the Junta has Puerto Rico's future in its hands.

During the administration of Luis Fortuño, Puerto Rico's governor from 2009 until 2012, Carlos Garcia and a group of former Santander executives were appointed to run the GDB and instituted a massive bond issuance program[5] that lies at the root of the solvency crisis facing Puerto Rico today. This group also facilitated the creation and distribution of bond deals that contained features such as capital appreciation bonds and interest rate swaps that some experts have termed "predatory" and which Santander profited from as an underwriter and broker-dealer.[6]

6

Carlos M. Garcia was appointed to Puerto Rico's GDB in 2009. Puerto Rico is the largest unincorporated territory in the U.S. subject to federal law, yet citizens lack full voting rights and democratic representation in Congress. Over a century, the U.S. has imposed tax policies on Puerto Rico that serve U.S. corporate interests first, like IRS Section 936, which provided a tax benefit to U.S. corporations, and was phased out over a ten-year period beginning in 1996. The dominant public narrative that usually portrays Puerto Rico as a dependent, irresponsible and costly stepchild to its generous mainland U.S. benefactor is dangerously shortsighted when applied to the island's situation today. Puerto Rico's ambiguous political status has made it vulnerable to the influence of interlopers from banks and Wall Street, as Congress has not given Puerto Rico legal authority equal to that of U.S. municipalities to restructure its debt. [7]

The U.S. has imposed tax policies on Puerto Rico that serve U.S. corporate interests first. [CLICK TO TWEET](#)

We estimate Santander has participated in the underwriting of \$61 billion in Puerto Rican bonds, and as part of these bond issues, \$1.1 billion was paid to Santander and others in issuance fees.

Because of its fiscal catastrophe, Puerto Rico now faces a humanitarian crisis. Almost half of Puerto Ricans live in poverty, 37% of children live in extreme poverty, and unemployment is over 12%.[8] Six hundred of the island's 1,400 schools are expected to be closed in the next few years. Hospitals are struggling to staff operations and pay utility bills, and over a quarter of the population is expected to be infected with the Zika virus by the end of 2016.[9]

Puerto Rico is facing an unprecedented humanitarian crisis. As the urgency of this crisis grows, banks like Santander that facilitated and profited from its creation must step forward, accept responsibility and make financial amends to the people of Puerto Rico. The former Santander executives who were appointed

to the Junta should resign because of their role in helping create the crisis and their conflicts of interest in setting policies to adjudicate disagreements between creditors about debt they helped manufacture.

This report is the first of three looking into Santander and its business enterprises in Puerto Rico, which profited off of the public debt that has caused such misfortune for the Puerto Rican people.



July 8, 2016

Hon. Senator Orrin G. Hatch  
Chairman  
Senate Committee on Finance

Dear Senator:

I am an almost 79 years old Civil Engineer who graduated in 1963 from the Mayagüez Campus of the University of Puerto Rico and who worked non-stop from graduation to 2008. I write to you because I am extremely worried of what is happening in Puerto Rico ever since about 2006, i.e., for the last +/- 10 continuous years to this date.

Puerto Rico, at one time the Pearl of the Caribbean, is unrecognizable today, deeply affected by crime, drugs, both mental and physical illness, corruption, a total lack of meaningful jobs, a collapsed small business count, a large underground economy, a too-burdened and collapsing middle class, a large emigration to the United States, a huge unpayable public debt, a bankrupted government retirement fund, a bankrupted, bloated and totally inefficient local government ruled by politics and payoffs and I could go on and on.

Puerto Rico is a now undisguised colony (unincorporated territory is the euphemism now in use) of the USA, one of the very few remaining in the whole wide world. In the 1950's the United States government and the local colonial government knowingly deceived the United Nations into believing that Puerto Rico had come of age, had redacted its own constitution and had joined the world of free nations in a novel and unquestioned relationship with the United States. This year of 2016, i.e., the year of disclosure and revelation, the myth was finally unraveled and destroyed. There had been many hints before, starting with the Insular Cases of the very early 1900's, but no more hints now, just the painful truth for all to see, like a gremlin.

I know Senator Hatch that you are an honorable and truthful man and that you precious honesty, fairness, decency and correctness in government. That is and has been your way throughout your many years in Congress. That is the reason I write this honest letter to you.

I do not find fair, Sir, that some rules and regulations in the Securities and Exchange Commission which were redacted to protect the 50 states from malfeasance and unfair play by investors do not include Puerto Rico, leaving the territory prey to their unstoppable greed. I also do not find fair, Sir, that the hedge fund buyers pretend to recover their much discounted bonds and mutual funds buying at the same recovery price of those who bought the same bonds

-2-

and mutual funds at full value. I do not find fair, Sir, that many of these billionaires are coming to Puerto Rico in droves to "make their day" taking full advantage of the several federal legislative loopholes that permit them to avoid paying their fair share in much higher United States taxation.

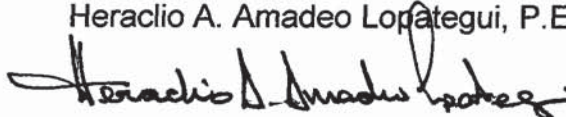
All I wish, Senator Hatch, is fairness to a people of 3.5 million of US citizens which have been marginalized, offended and "thrown to the lions to rot" after unquestionably joining your armed forces in battle and dutifully dying in combat as thousands did in World Wars I & II, Korea, Vietnam, the Balkans and Iraq.

Fairness should mean starting without delay with a much needed financial audit of all public debt incurred by the Government of Puerto Rico, the Puerto Rico Economic Development Bank, the Puerto Rico Municipal Governments and the supposedly self-regulating public corporations like the Puerto Rico Electric Power Authority, the Puerto Rico Aqueduct and Sewer Authority, the Puerto Rico Highways and Transportation Authority and others to examine and certify their irrefutable legality and, if undue meddling by parties of influence, both local and state is proven to have had their day with said Puertorrican debts, to remove all territorial responsibility from all said debt and prosecute with full force the looters. The part played by the bond rating agencies, by the various financial banks that participated in the free for all, by Wall Street sharks, by dishonest politicians, by Milla de Oro legal firms in their appraisals, approvals and other dealings must all be examined with painful care to see what was legal and what was not.

No distinction whatsoever should be awarded, this is totally my opinion, to Puertorrican vs stateside investors when establishing repurchasing amounts and scheduling. Fairness should call for overall equality. However, the legality issue of selling triple-exempt securities within the continental USA should be closely looked at and addressed.

I truly believe that you, and only you, Sir, have what it takes to help us in our dire despair in ways that the Executive, the House, the Judiciary and the US Treasury did not.

Sincerely,  
Heraclio A. Amadeo Lopez, P.E.

A handwritten signature in black ink, appearing to read "Heraclio A. Amadeo Lopez", written over the typed name.



**Movimiento de Mayagüez Pro Desarrollo del Oeste, Inc.**  
**("Mayagüez Movement Pro West Development")**  
*Justicia y Equidad ¡Unidos lo Lograremos!*  
*("Justice and Equity United We Will Succeed!")*

May 25, 2017

Honorable Laura Taylor Swain  
U.S. District Judge Southern District of New York  
United States Courthouse  
500 Pearl St.  
New York, NY 10007-1312

Honorable Judge Taylor:

The Mayagüez Movement Pro West Development, (MMPDO) brings together 21 civic and professional non for profit organizations in the West Region of Puerto Rico. Its mission is to promote the socio-economic development of the region through the promotion of infrastructure projects and strategic government policies. None of our members receive compensation for the work performed. Our organization is not affiliated to any of the political parties in the island.

Chief Justice John Roberts recently announced your designation in the United States District Court for the District of Puerto Rico to hear the Petition of the Commonwealth of Puerto Rico pursuant to Title III of PROMESA. Puerto Rico's landmark bankruptcy is the biggest bankruptcy in the history of the U.S. municipal debt market. Because the U.S. territory is not eligible for traditional bankruptcy protection, the filing came under Title III of PROMESA, the federal Puerto Rico rescue law passed last year.

We are providing, attached to this letter, valuable information about the West Region that is known as Porta del Sol (Doorway to the Sun). Also included is our reasons for the audit of the debt. The handling of the bankruptcy needs to address how Puerto Rico will cope with the financial crisis and what the MMPDO firmly believes are the necessary steps for a just and rightful solution to the crisis.

The objective of this letter and its attachments is to provide you with another point of view; since, as usual, all the information is handled by the powerful elite in San Juan without considering the needs and expectations of the West Region.

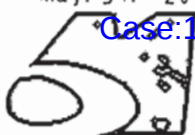
Please fill comfortable to contact us at [REDACTED] or via email at [REDACTED]

Sincerely yours,



Felipe A. Morales Nieves  
President MMPDO

[REDACTED]



**Movimiento de Mayagüez Pro Desarrollo del Oeste, Inc.  
("Mayagüez Movement Pro West Development")**

**Justicia y Equidad ¡Unidos lo Lograremos!  
("Justice and Equity United We Will Succeed!")**

**PORTA DEL SOL**

Porta del Sol is a tourism region in the west coast of Puerto Rico. It consists of 17 municipalities: Quebradillas, Isabela, San Sebastián, Moca, Aguadilla, Aguada, Rincón, Añasco, Mayagüez, Las Marías, Maricao, Homigueros, San Germán, Sábana Grande, Guánica, Lajas and Cabo Rojo. Porta del Sol was established in 2003 by the Puerto Rico Tourism Company. The name translates to "Doorway to the Sun".



The 2017 estimated census indicates that the Porta del Sol population was 15.6% compared to Puerto Rico's population and the municipalities encompass 33% of the squares miles of territory. Therefore, the area is 47% populated compared to all Puerto Rico.

The Puerto Rico Treasury Department informs that as of 2014 Porta del Sol contributed with 13.5% of the state tax returns and 11.5% of the adjusted gross income. Porta del Sol's average tax return is only 85.8% of Puerto Rico and related to per capita based in the adjusted gross income was only 73.8%. If compared with the metropolitan area, Porta del Sol's average tax return is 71.8% of the metropolitan area average and 50.1% when comparing the average per person.

This injustice and lack of equity can be traced to were the decision makers live, Guaynabo (they are called "guaynabitos" or "blanquitos" – that traduces to whites, not in a racial content, but more as an income implication). Porta de Sol's average tax return is only 48.8% of the income in Guaynabo and 32.9% of the average income per person.

The massage of the MMPDO is that any decision in the bankruptcy court should take in consideration the impact in the west region and also, if a committee or board is established, it should integrate residents of the west region.

The only region without a hydroelectric dam is Porta del Sol; the only region without a freeway is Porta del Sol; and the only region without an economic development plan is Porta







**Movimiento de Mayagüez Pro Desarrollo del Oeste, Inc.**  
**("Mayagüez Movement Pro West Development")**  
**Justicia y Equidad ¡Unidos lo Lograremos!**  
**("Justice and Equity United We Will Succeed!")**

del Sol. Also, Porta del Sol is the farthest region from a Level I trauma center. The only Level I trauma center is located in San Juan, roughly two (2) hours away from Porta del Sol.

#### DEBT AUDIT

For this report Puerto Rico debt is the one informed by the Government Development Bank (GDB) using the May 2016 report. The debt in billions is as follows:

- \$28.3 Public Corporations
- \$15.2 Sales Tax
- \$12.7 Constitutional Debt
- \$4.7 Non Treasury
- \$4 Legislative Assignations
- \$3.9 Municipalities
- \$.4 Others

The reasons for auditing or not auditing the debt are being discussed every day in our country. In our point of view, the reason to audit the debt is to quantify the amount each region has contributed to the debt, especially in infrastructure projects. Of the \$69.2 billion, we want to know how much can be identified as West Region projects and expenditures. Why do we have to pay for infrastructure and services not related to our region?

As per examples, it is obvious to mention the urban train with the buses, mega coliseum, mega convention center, express highways, dams, super water pipeline and others have been located outside the West Region and are paid by state taxes and not municipality taxes. Why do we have to pay higher taxes for projects outside our jurisdiction? Not only that, we believe these projects have been refinanced, paying new fees and new interest for the same projects.

#### METRICS

There are two metrics that constantly are used as the main reason of our debt: government employees and excess of municipality. We firmly believe that both need intensive improvements, but they are not the main cause of the problem.

A sector of the population argues that we have much more employees and that the U.S. Data from 2017 Federal Census bureau indicates that there were 22.3 million government employees in the U.S. or 6.9% of a population of 320 million. The employees are divided by 14.4 million local or municipal employees, 5.1 estate employees and 2.8 federal employees. At the same time, there were 228.7 thousand government employees in P.R. of a population of 3.6 million, for a percentage similar as the U.S. of 6.7% divided by 55 locals, 159.3 state and 14.3 federal thousand employees.



**MR. & MRS. JEROME E. FIRSTY**

**TEL & FAX:** [REDACTED]

**TEL & FAX:** [REDACTED]

**HONORABLE LAURA TAYLOR SWAIN  
UNITED STATES DISTRICT COURT IN P.R.  
150 CARLOS CHARDON STREET  
HATO REY, P.R. 00918**

**MAY 28, 2017-**

**Good morning Judge Swain,**

**Possibly you know my grammar school classmate, Judge Alvin K Helerstein of the federal court in Lower Manhattan. We were class mates at P.S.104, in the Bronx, in the late 1930's and early 40's. My wife, Ruth and daughter Deborah, and I, had lunch with Alvin several months ago.**

**Attached to this letter are several letters I have sent to:**

<b>July 29, 2016</b>	<b>Senator Orin G. Hatch</b>	<b>No reply received</b>
<b>December 3, 2016</b>	<b>Individual letter to every Member, (6), of the Federal Control Board.</b>	<b>No reply received</b>
<b>January 6, 2017</b>	<b>Personally delivered to Governor Rossello</b>	<b>The governor told me he read it, and then gave it to his staff. I never heard from his staff</b>

**I am not a lawyer, but, I do think that you might be interested in some of my ideas. May I hear from you?**

**Best regards,**

  
**Jerome E. Firsty**

**JEF**

**(OVER)** ←



**JEROME E. FIRSTY**

**TEL: & FAX:** [REDACTED]

**TEL: & FAX:** [REDACTED]

**E-MAIL:** [REDACTED]

**TO SENATOR ORAIN G. HATCH  
UNITED STATES SENATE  
COMMITTEE FINANCE  
WASHINGTON, D.C. 20510 – 6200**

**VIA MAIL**

**JULY 29, 2016**

**Good Morning Senator Hatch,**

**You are probably too young to remember, but during the Second World War, President Roosevelt, had many top level people working in the government , at \$1.00 per year. AND THAT IS THE REASON I AM WRITING TO YOU.**

**Please let me give you a short resume of my background:**

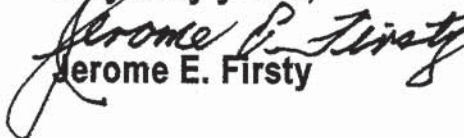
**82 years old, Veteran United States Army 1954-55-56  
Graduate of the University of New Mexico, double degree Finance and Accounting. Graduate of the American Institute of Foreign Trade  
Thunderbird, in Glendale, Arizona. Have lived in Puerto Rico for 55 years, and have a small business, and am bi-lingual.**

**What you need are volunteers who are "on the ground" and will look out for the Federal funds, coming into the island, and to make sure these funds are well spent.**

**So, Senator Hatch, that is my offer to you at only \$1.00 per year.**

**I can come to Washington, D. C. to speak with you, (at my expense) or you can come to Puerto Rico and speak with me.**

**Very truly yours,**

  
**Jerome E. Firsty**

**JEF**

**MR. & MRS. JEROME E. FIRSTY**

**TEL & FAX:** [REDACTED]

**TEL & FAX:** [REDACTED]

**E-MAIL:** [REDACTED]

**GOVERNOR ROSSELLO**

**JANUARY 6, 2017**

Good Morning Governor Rossello,

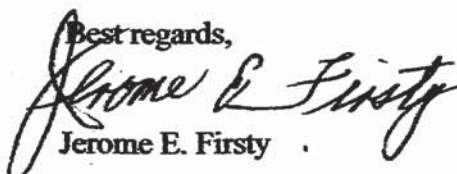
May I have a few minutes of your time?

The real experts in Puerto Rico, concerning economics in Puerto Rico, are small to medium sized business owners, who run their companies, on a daily basis.

You, meet some of us, when you go to the gym at the Caribe Hilton, in the early morning..

Attached are some of my thoughts. in letters I have written to Senator Orin Hatch, the Federal Control Board, and. on how to reduce the debt of our General Obligation Bonds, May I invite you, to be my guest for breakfast, after our exercising at the gym?

Best regards,

  
Jerome E. Firsty

JEF



**JEROME . E. FIRSTY**

**TEL. & FAX** [REDACTED]

**TEL. & FAX** [REDACTED]

**E MAIL** [REDACTED]

**December 22, 2016**

**There are no options. No, I do not believe that. There are options. Let me show you one of them.**

**The option applies only to the Government Obligations, of the Commonwealth of P.R., which are guaranteed by the constitution of our Commonwealth.**

**Let us assume the following :**

- a. The rate of interest on these bonds is 6%, simple interest.**
- b. A taxpayer, who is a resident of P.R. owns \$20,000 face value of the General Obligation bonds. At the interest rate of 6% the owner should receive interest of \$1,200, yearly, Currently the tax payer does not receive interest payments.**
- c. The owner of these bonds, is willing to donate them to the government at the face value of \$20,000. In return the government cancels these bonds, and does not have to pay interest on these bonds. The government will save \$1,200 per year. In return, the government will give the P.R. resident tax payer an income tax credit of \$20,000, to be taken over a four year period, at the rate of \$5,000 per year. When the resident P.R. tax payer, pays his income tax, the credit is used.**
- d. Over a four year period, using this as an example, the government will save \$4,800, in interest payments.**

**In this example, the government shows the P.R. tax paper and others, a sign of good faith.**

*Jerome E. Firsty*

Honorable Laura Taylor Swain  
United States District Judge.

Dear Judge Swain,

I am a financial advisor who recommended Puerto Rican General Obligation bonds to my clients. My clients are retirees, individuals and generally middle class investors. None of us are hedge fund operators or owners.

As you decide Puerto Rico's fiscal outcome please take into consideration Puerto Rico offered these bonds as first and senior debt. There is an indenture which guarantees payment on these bonds. If Puerto Rico should fail to pay (which they have), the U.S. Government

STIFEL

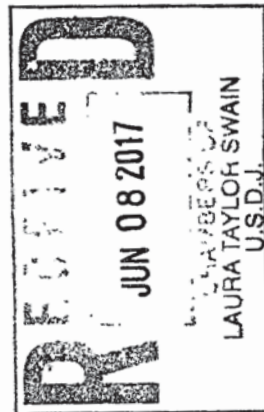




is liable for our interest and principal payments. Because Puerto Rico is a territory of the U.S. Government, the U.S. Government has a responsibility to Puerto Rico. I believe this responsibility includes fiscal responsibility. Furthermore under the 14th Amendment of the U.S. Constitution the U.S. Government cannot default on what it owes.

Thank you for your service to the United States and I wish you well in the coming months.

Aloha  
Lila Mearns



06/02/2017

לא להם

"Administer justice every morning, and rescue the victim of robbery from the hands of his oppressor"  
Jeremiah

Hon. Laura Taylor Swain  
U.S. District Judge  
United States Bankruptcy Court  
District of Puerto Rico

Your Honor,

Peace be with you madam in Jesus our Lord.

Wall St. vertical power over our checks and balances,  
is causing premature death in Puerto Rico.

Premature death is not from God.

In Him,

Respectfully,

Carlos Sumpter

EL SAN JUAN HOTEL





## CERTIFICATION

I, Evelyn E. González García, Acting Dean of Academic Affairs of the University of Puerto Rico in Aguadilla, CERTIFY THAT: .....

The Faculty of the University of Puerto Rico in Aguadilla, in their ordinary meeting on Tuesday, May 16, 2017, APPROVED:

**TO REQUEST THAT THE STATE DECLARE THAT THE HIGHER EDUCATION OF THE UNIVERSITY OF PUERTO RICO IS AN ESSENTIAL SERVICE FOR THE PUERTO RICAN SOCIETY.**

**TO REQUEST THAT THE STATE INCLUDE THE UNIVERSITY OF PUERTO RICO IN THE TITLE III PROMESA ACTION AS AN ACCREDITOR OF THE GOVERNMENT AND THE PUERTO RICO GOVERNMENT DEVELOPMENT BANK.**

Copy of this Certification will be sent to the Governor of Puerto Rico, Senate of Puerto Rico, House of Representatives of Puerto Rico, Governing Board of the University of Puerto Rico, President of the University of Puerto Rico, University Board, Academic Senates of the University of Puerto Rico, Financial Oversight and Management Board for Puerto Rico, Federal Court and the Press.

And for the record, I hereby issue the present certification to the corresponding university authorities, on the sixteenth day of May of two thousand sixteen, in Aguadilla, Puerto Rico.

Evelyn E. González García, Ph.D.  
Acting Dean of Academic Affairs

Approval:

Herminia M. Alemany Valdez, Ph.D.  
Acting Chancellor



## CERTIFICACIÓN

Yo, Evelyn E. González García, Decana Interina de Asuntos Académicos de la Universidad de Puerto Rico en Aguadilla, CERTIFICO QUE:.....

La Facultad de la Universidad de Puerto Rico en Aguadilla, en su reunión ordinaria del martes, 16 de mayo de 2017, APROBÓ:

**SOLICITAR QUE EL ESTADO DECLARE LA EDUCACIÓN SUPERIOR EN LA UNIVERSIDAD DE PUERTO RICO COMO UN SERVICIO ESENCIAL PARA LA SOCIEDAD PUERTORRIQUEÑA.**

**SOLICITAR AL ESTADO QUE LA UNIVERSIDAD DE PUERTO RICO SEA INCLUIDA EN EL PLEITO DE TÍTULO III DE PROMESA COMO ACREEDOR DEL GOBIERNO Y DEL BANCO GUBERNAMENTAL DE FOMENTO.**

Copia de esta Certificación se remitirá al Gobernador de Puerto Rico, Senado de Puerto Rico, Cámara de Representantes de Puerto Rico, Junta de Gobierno, Presidencia de la UPR, Junta Universitaria, Senados Académicos de la UPR, Junta de Supervisión Fiscal, Tribunal Federal y la Prensa del País.

Y para que así conste, expido y remito la presente certificación a las autoridades universitarias correspondientes, a los dieciséis días del mes de mayo de dos mil diecisiete, en Aguadilla, Puerto Rico.

Evelyn E. González García, PhD  
Decana Interina

Vo.Bo.

Herminia M. Alemañ Valdez, PhD  
Rectora Interina



United States District Court  
Judge Laura Swain  
District of Puerto Rico  
150 Carlos Chardon Street  
San Juan, PR 00918-1767

June 20, 2017

Honorable Judge Laura Swain

I am a bona fide resident of Puerto Rico and I am a bond holder of various categories of Puerto Rico bonds, both through UBS closed end mutual funds in IRA accounts and individual issues of both COFINA and POBs in my UBS investment account. These investments were made at par or close to par, except for POB funds purchased in 2013 purchased at approximately 15% discount at the time UBS was pushing their inventory sale already knowing the dire economic situation of the government in PR.

From my limited knowledge gathered from the local newspapers, and US finance publications, I understand that there are three main "classes" of bondholders, to wit: 1) Individual owners in PR, who purchased closed end mutual funds composed mainly of PR debt at par or close to par, or individual bonds, COFINA or POB's also at par or close to par; you can also include depositors at PR Coops, who indirectly own other GO or GDB bonds, 2) US based Pension Plans, who also purchased various PR bonds at par or close to par when they were considered investment grade and 3) hedge funds, or so called "vulture funds" who purchased PR bonds at deep discount starting in 2013 when many individuals and pension funds were "forced" to sell either as a result of margin calls (of often illegal loans made by UBS), or due to fund restrictions on ownership of non-investment grade bonds.

Here lies the sticky issue: Bond holders who purchased at par expected receipts of interest income at 5 to 7 % for the duration of their investment, meanwhile, vulture funds are receiving 10 to 15 % returns (assuming purchases at 50% discount) for their risk. They also have millions of dollars to spend on advertising, lobbying and lawyers to negotiate a "haircut" from par that would still allow them to make a significant percentage capital gain. Assuming a purchase at a 50% discount at purchase and a "haircut" of 25%, they would still stand to make approximately 50% gain on their investment. Meanwhile the individual bondholder would lose 25% on the same investment, in essence subsidizing the gain of the institutional investor.

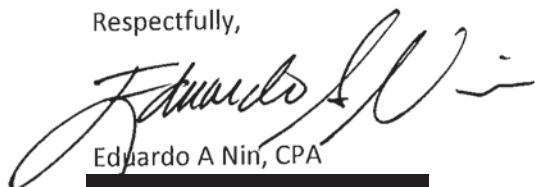
So here is the purpose of my letter, in a court of **JUSTICE**, emphasis on justice, would it not be **FAIR** to find a solution where both investors would be rewarded equitably. The closest solution I can see is a proposal that if "haircuts" are required, and I agree they probably are; the balance of the loan to be paid be allocated to bondholders based on their original investments, that is their tax base. This would result in the same percent loss to the individual investor as to the institutional one.

For example: Say you have an individual who paid \$100 for a \$100 dollar bond, and institution who paid \$50 for a \$100 dollar bond. Total debt is \$200, but there is to be a 50% haircut, so you have to distribute \$100 between the two investors. If you divide based on tax base, the individual would get \$67 dollars ( $100/150 \times 100$ ) and the institution would get \$33 dollars ( $50/100 \times 100$ ). Each would realize a loss of 33%.

If this were done based on par values, the individual would only receive \$50 dollars (100/200\*100) and have a loss of 50% and the institution would also receive \$50 dollars, but would receive their entire investment back, **no loss at all**. Does this seem fair?

I would hope with your experience and knowledge you will understand the case stated above and all I ask is that you give consideration to the more equitable solution possible and consider the individual creditor positions when considering your proposal.

Respectfully,



Eduardo A Nin, CPA

CC:

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Hermann Bauer, Esq.

**Counsel to PR Fiscal Agency and Financial Advisory Authority**

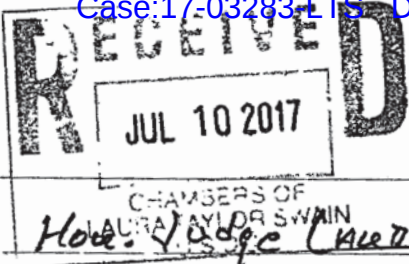
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San Juan, PR 00907  
Andrés W. López, Esq.





6/30/17

Hon. Judge Laura Swain:

Your Honor:

I am writing to you today because I need your help. I & my wife own Puerto Rico Bonds, and right now we are not being paid the interest on those bonds. We need that money to live on. I am 90 and my wife is 88. We live on Social Security. We don't go to Las Vegas & we don't go away on vacation - we just live quietly at home. I don't ask for much, only that you help us collect our interest from the Puerto Rico Bonds. I paid for the bonds in good faith, now let Puerto Rico pay their bond holders in good faith. Without trust & good faith in their obligations to pay the interest, how can they borrow more money for needed projects.

I love Puerto Rico. My family is loaded with Puerto Rican descendants & some of them own Puerto Rican Bonds. We are not rich by any means. Any help you can give will be appreciated.

Thank you your honor,

Robert S. Ferrandi

